THE
FARM INCOME STABILIZATION COMMISSION OF ONTARIO

NINTH ANNUAL REPORT
FISCAL YEAR ENDED MARCH 31, 1986

ONTARIO
MINISTRY OF AGRICULTURE AND FOOD
LEGISLATIVE BUILDINGS, TORONTO

HON. JACK RIDDELL
MINISTER

87-02349/

Toronto, Ontario
Oct. 3, 1986

To The Honourable Jack Riddell, Minister
Ministry of Agriculture and Food
Province of Ontario.

Sir:

I have the honour to submit herewith the Annual Report of The Farm Income Stabilization Commission of Ontario for the period April 1, 1985 to March 31, 1986 including the report of the Provincial Auditor.

Respectfully Submitted,

H. Ediger, Vice Chairman
The Farm Income Stabilization Commission of Ontario

Ninth Annual Report

of

The Farm Income Stabilization Commission of Ontario

For Fiscal Year Ended March 31, 1986

COMMISSION MEMBERS

MORRIS HUFF — Chairman

REGINALD A. STARR — Member

HOWARD STAFF — Member

ROGER GEORGE — Member
(Rep. Ontario Federation of Agriculture)

ELLARD POWERS — Member
(Rep. National Farmers Union)

JOHN MOERMAN — Member
(Rep. Christian Farmers Federation)

OFFICERS

M. HUFF
General Manager

M.J. TAGGART
Assistant General Manager / Accounting

RUTH DAY
Secretary

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

RESPONSIBILITIES

— Administration of The Farm Income Stabilization Act.

— Administer plans of Farm Income Stabilization established by regulations.

— Provide for surveys and research relating to Farm Income Stabilization to obtain statistics for Commission purposes.

THE YEAR IN REVIEW

Stabilization payments of $13.26 per tonne for soybeans and .4445 per pound for apples were declared for the 1984 sales year.

Stabilization payments are made on registered and eligible production when average returns fall below 95% of the previous five-year average price, plus changes in cash costs of production. Payments are limited to the difference between the 90% and 95% levels. Participating producers are required to register expected sales and pay fees in advance equivalent to an estimated one-third of the expected payouts. Interest is credited to producer fees on deposit and any unused fees and interest are returned at the termination of the program.

Stabilization payments of $4.3 million were made in the fiscal year of which two-thirds is the Ontario Government's share and the balance is covered by producer fees.

In an effort to improve administrative efficiencies, the time in which a producer has to make a stabilization claim has been limited to two years from the end of any sales year.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

BALANCE SHEET
as at March 31, 1986

ASSETS

	1986	1985
	$	$
Cash, including short term deposits	14,304,452	12,085,902
Accounts receivable (note 4)	13,267	38,504
	14,317,719	12,124,406

LIABILITIES

Farmers' enrollment fees, including interest income (Schedule 1) (note 3)	11,156,887	8,419,523
Government subsidies (Schedule 2) (note 3)	3,160,832	3,704,883
	14,317,719	12,124,406

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

AUDITOR'S REPORT

I have examined the balance sheet of the Farm Income Stabilization Commission of Ontario as at March 31, 1986 and the statement of receipts and disbursements for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1986 and its receipts and disbursements in accordance with the accounting policies described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 14 of the Farm Income Stabilization Act, a report on the audit has been made to the Commission and to the Minister.

D.F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
July 11, 1986.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Statement of Receipts and Disbursements
for the year ended March 31, 1986

	1986 $	1985 $
Receipts:		
Subsidies from the Province of Ontario		
1982-84:		
Soybean	1,360,000	—
Winter Wheat	—	750,000
1980-85:		
Weaner Pig	—	3,900,000
1983-87:		
Apples	610,000	—
	1,970,000	4,650,000
Interest income	313,351	398,257
Interest on outstanding fees (note 4)	8,060	29,558
Farmers' enrollment fees, including interest income (note 3)	11,161,661	2,952,042
	13,453,072	8,029,857
Disbursements:		
Stabilization payments (note 5)		
1979-1981:		
Corn	—	62,715
Soybean	—	1,785
1982-1984:		
Soybean	3,171,951	343,083
Winter Wheat	36,486	944,445
Barley	4,797	31,089
Corn	343,416	4,791,891
White Bean	2,565	24,246
1980-1985:		
Weaner Pig	1,134	5,480,331
1983-1987:		
Apples	707,319	—
	4,267,668	11,679,585
Refunds of 1979-81 farmers' fees balance	—	244,604
Refunds of 1982-84 farmers' fees balance	3,201,198	—
Refunds of 1980-85 farmers' fees balance	2,071,819	274,643
Transfers to 1985-88 grain plan	1,693,837	—
	11,234,522	12,198,832
Excess/(Deficiency) of receipts over disbursements	2,218,550	(4,168,975)
Cash, including short term deposits, beginning of year	12,085,902	16,254,877
Cash, including short term deposits, end of year	14,304,452	12,085,902

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Farmers' Enrollment Fee Balances by Plan
as at March 31, 1986

Stabilization Plan	Balance April 1/85	Fees	Interest	Sub Total	Share of Payments	Refunds and Transfers to New Plan	Balance March 31/86
	$	$	$	$	$	$	$
(note 3)		(note 3)					
1982-1984:							
Soybean	1,519,494	—	68,004	68,004	1,057,317	530,181	—
Winter Wheat	461,062	—	18,005	18,005	12,162	466,905	—
Barley	228,191	—	8,992	8,992	1,599	235,584	—
Corn	3,395,386	—	152,596	152,596	114,472	3,433,510	—
White Bean	220,569	—	9,141	9,141	855	228,855	—
	5,824,702	—	256,738	256,738	1,186,405	4,895,035	—
1980-85:							
Weaner Pig	2,072,147	—	50	50	378	2,071,819	—
1983-87:							
Apples	522,674	409,123	49,134	458,257	235,773	—	745,158
1985-88:							
Grain Plan	—	10,069,293	342,436	10,411,729	-	—	10,411,729
	8,419,523	10,478,416	648,358	11,126,774	1,422,556	6,966,854	11,156,887

See accompanying schedules and notes to financial statements.

SCHEDULE 2

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Government Subsidies
for the year ended March 31, 1986

	1986 $	1985 $
Ontario Soybean Stabilization Plan, 1982-1984:		
Balance, beginning of year	391,487	620,209
Subsidy from Province of Ontario	1,360,000	—
Transfer from reserve and other credits	1,340,000	—
	2,700,000	—
Stabilization payments	3,171,951	343,083
Less farmers' share (1/3)	1,057,317	114,361
	2,114,634	228,722
Transfer to reserve and other credits	378,845	—
Balance, end of year	598,008	391,487
Ontario Winter Wheat Stabilization Plan 1982--1984:		
Balance, beginning of year	120,370	—
Subsidy from Province of Ontario	—	750,000
Stabilization payments	36,486	944,445
Less farmers' share (1/3)	12,162	314,815
	24,324	629,630
Balance, end of year	96,046	120,370
Ontario Barley Stabilization Plan, 1982-1984:		
Balance, beginning of year	26,692	47,418
Subsidy from Province of Ontario	—	—
Stabilization payments	4,797	31,089
Less farmers' share (1/3)	1,599	10,363
	3,198	20,726
Transfer to reserve and other credits	23,494	—
Balance end of year	—	26,692
Ontario Corn Stabilization Plan, 1982-1984:		
Balance, beginning of year	1,112,283	4,306,877
Subsidy from Province of Ontario	—	—
Stabilization payments	343,416	4,791,891
Less farmers' share (1/3)	114,472	1,597,297
	228,944	3,194,594
Transfer to reserve and other credits	881,339	—
Balance, end of year	2,000	1,112,283
Ontario White Bean Stabilization Plan, 1982-1984:		
Balance, beginning of year	139,204	155,368
Subsidy from Province of Ontario	—	—
Stabilization payments	2,565	24,246
Less farmers' share (1/3)	855	8,082
	1,710	16,164
Transfer to reserve and other credits	137,494	—
Balance, end of year	—	139,204
Ontario Weaner Pig Stabilization Plan, 1980-1985:		
Balance, beginning of year	1,000	(478)
Subsidy from Province of Ontario	—	3,900,000
Stabilization payments	1,134	5,480,331
Less farmers' share (1/3)	378	1,826,777
	756	3,653,554
Transfer to reserve and other credits	244	244,968
Balance, end of year	—	1,000

	1986 $	1985 $
Ontario Apple Stabilization Plan, 1983-1987:		
Balance, beginning of year	—	—
Subsidy from Province of Ontario	610,000	—
Transfer from reserve and other credits	570,000	—
	1,180,000	—
Stabilization payments	707,319	—
Less farmers' share (1/3)	235,773	—
	471,546	—
Balance, end of year	708,454	—
Transfers to and from Reserve and Other Credits:		
Balance, beginning of year	1,913,847	694,304
Transfers to subsidize stabilization plan payments:		
1982-1984 Soybean Stabilization Plan	(1,340,000)	—
1983-1987 Apple Stabilization Plan	(570,000)	—
Transfers from expired plans:		
1979-1981 Corn Stabilization Plan	—	300,013
1979-1981 Soybean Stabilization Plan	—	173,086
1980-1985 Weaner Pig Stabilization Plan	244	244,968
1982-1984 Soybean Stabilization Plan	378,845	—
1982-1984 Barley Stabilization Plan	23,494	—
1982-1984 Corn Stabilization Plan	881,339	—
1982-1984 White Bean Stabilization Plan	137,494	—
Interest income	313,351	398,257
Other income	17,710	—
Over provisions for bad debts	—	103,219
Balance, end of year	1,756,324	1,913,847
TOTAL	3,160,832	3,704,883

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Commission uses a cash basis of accounting except for the following modifications:

(i) For government subsidies, an additional thirty days is allowed to pay for the receipt of subsidies pertaining to the fiscal year just ended.

(ii) An allowance for doubtful accounts has been established as discussed in note 4.

2. ADMINISTRATION EXPENSES

Certain expenses such as salaries, benefits and other administration expenses, absorbed by the Ministry of Agriculture and Food are not included. Administration expenses of the prior year have not been disclosed to conform with the 1986 presentation.

3. FARM INCOME STABILIZATION PLANS

Farm income stabilization plans are established by regulations under the Farm Income Stabilization Act. These voluntary plans are designed to stabilize the income of Ontario farmers in periods of low market prices. Federal stabilization support payments are made for the difference between the current market price and 90 per cent of the five-year average market price as adjusted for changes in cash costs of production. On the same basis, provincial plans support prices between 90 and 95 per cent of the five year average price.

Fees are normally collected in advance except as discussed in note 4 and are set at a level sufficient to cover approximately one-third of the stabilization support payments in accordance with the provisions of section 6 (3) of the Farm Income Stabilization Act. The Province of Ontario provides the other two-thirds.

Upon termination of each plan, money standing to the credit of farmers including any interest thereon was either refunded and or applied against 1985-88 grain plan enrollment fees. Voluntary stabilization plans exist for apples and grain which includes five commodities: barley, corn, soybeans, white beans and winter wheat.

4. ONTARIO WEANER PIG STABILIZATION PLAN, 1980-1985

The Government of Ontario developed this five year plan to help stabilize the incomes of many of the Province's pork producers. The plan functions in the manner as discussed in Note 3, with one exception. When the plan was first instituted, in order to pay the producers the maximum amount possible under the regulations when stabilization support payments were declared, the difference between the farmers' one-third share of the stabilization support payments and their prepaid registration fees was not deducted from the stabilization support payments but rather was recorded as an accounts

receivable. While the Commission is endeavouring to recover the advances including interest charged in prior years, a reserve for doubtful accounts of $89,575 has been reflected in the Commission's accounts as at March 31, 1986 (1985 - $107,000).

5. STABILIZATION PAYMENTS

Stabilization payments have been made during the year under the following plans:

Plan	Sales Year	Claim Application Deadline
Corn, Soybean and White Bean, Stabilization Plans, 1982-1984	1982	August 31, 1985
Barley Stabilization Plan, 1982-1984	1982	July 31, 1985
Winter Wheat Stabilization Plan, 1982-1984	1983	June 30, 1986
Soybean Stabilization Plan, 1982-1984	1984	August 31, 1987
Apple Stabilization Plan, 1983-1987	1983	June 30, 1986

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Administrative Expenses
for the year ended March 31, 1986

	1986 $	1985 $
Salaries and wages	258,260	62,973
Transportation and communication	16,500	11,965
Services	167,240	254,748
Supplies and equipment	39,147	14,556
	481,147	344,242